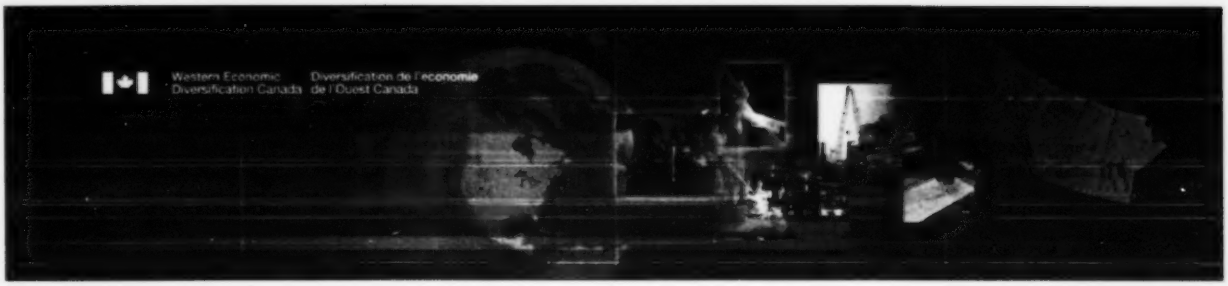


Western Economic Diversification Canada

Corporate Business Plan 2009/2010 – 2011/2012

A stronger West. A stronger Canada

Message from the Deputy Minister

I am pleased to present the Corporate Business Plan for Western Economic Diversification Canada (WD) for the three-year planning period from April 1, 2009 to March 31, 2012.

Western Canadians are grappling with the impact of a major global economic downturn. As we address the challenges and opportunities facing the West, our most important priority will be the delivery of CAF and RInC - two-year Economic Action Plan initiatives announced in Budget 2009. But, while delivery of these initiatives to stimulate the economy in western communities is critical, our commitment to our traditional programs will be as strong as ever.

How we achieve our outcomes is as important as the activities we perform. We will continue to strive to create a strong culture of values and ethics. Accountability, transparency, effective client service, value for money and the integration of risk management into our decision-making processes will be hallmarks of the way we do business.

WD is known for the innovation, creativity and resourcefulness of its team. We will build on our tradition of recruiting and retaining the best and brightest talent and providing them with the learning and development opportunities and the tools necessary to excel and deliver results that benefit the West.

The period covered by this planning document presents challenges. At the same time, it affords opportunities. At WD, we have both the tradition and the ability to position the organization to best serve the West.

Daniel Watson
Deputy Minister, Western Economic Diversification Canada

TABLE OF CONTENTS

EXECUTIVE SUMMARY 4

WHO WE ARE 7

WHAT WE DO 8

OUR BUDGET 13

OUR OPERATING ENVIRONMENT 14

- **Western Canada's Economic Environment** 14
- **Governance** 16
- **Opportunities and Challenges** 17
- **Entrepreneurship and Innovation** 20
- **Community Economic Development** 22
- **Policy, Advocacy and Coordination** 24

MANAGEMENT EXCELLENCE 26

ANNEX A: STRATEGIC PLANNING FRAMEWORK 31

ANNEX B: WD PROGRAM ACTIVITY ARCHITECTURE 31

ANNEX C: CORPORATE RISK PROFILE 33

ANNEX D: DEPARTMENTAL ORGANIZATION CHART 34

ANNEX E: HUMAN RESOURCES PROFILE 35

ANNEX F: PROGRAM ACTIVITIES BY STRATEGIC OUTCOME ($000s) 41

Executive Summary

The three-year Corporate Business Plan provides an integrated overview of the department's strategic outcomes, priorities and expected performance objectives as set out in our annual *Report on Plans and Priorities*, as well as articulating the strategic direction and planning framework needed to ensure we achieve those outcomes.

Vision

To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities

Section I of this plan describes what we do, our priorities, who we are, our budget, and our operating environment. Section II describes how we plan to achieve results through our strategic outcomes, the Management Excellence priorities we are focusing on this fiscal year, and other plans and strategies that the department has underway.

As part *of Canada's Economic Action Plan* under Budget 2009, Western Economic Diversification Canada's priority for 2009/2010 and 2010/2011 will be the delivery of the Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada (RInC) Program in order to provide temporary economic stimulus.

By focusing on the creation of short-term employment to support communities and sectors that have been affected by the global economic downturn, CAF will play a distinctive role in relation to other economic stimulus measures included in *Canada's Economic Action Plan.*

RInC will provide temporary economic stimulus that will help reduce the impacts of the global economic downturn while renewing, upgrading and expanding recreational infrastructure in Canadian communities.

These economic stimulus programs are key priorities for WD over the next two years and will contribute to the achievement of WD's strategic outcomes.

Mandate

To promote the development and diversification of the western Canadian economy, coordinate federal economic activities in the West, and reflect western Canadian interests in national decision-making

The Corporate Business Plan is framed by our departmental commitment to achieve four strategic outcomes (refer to Annex A for WD's Strategic Planning Framework):

- Entrepreneurship and Innovation - the western Canadian economy is competitive, expanded and diversified;
- Community Economic Development - communities in

Western Canada are economically viable;

- Policy, Advocacy and Coordination - policies and programs that strengthen the western Canadian economy; and
- Internal Services - effective and efficient support for the delivery of organizational strategic outcomes.

For each of the strategic outcomes, there are a number of program activities, and sub-activities (identified in the department's Program Activity Architecture, or PAA, appended as Annex B). These program activities are the means by which the department achieves its outcomes.

When risks or human resource plans are attributable to a specific Strategic Outcome, they are identified as such in the plan (WD's Corporate Risk Profile is attached in Annex C). Details for implementation are included in the business plan of each regional office or corporate branch.

The departmental priorities, in contrast, articulate *where* the department intends to focus its efforts during the next three years. In effect, initiatives and activities will be assessed based on how they address these priorities. It is important to note that the priorities complement one or more of the strategic outcomes.

Section I

Who we are

Western Economic Diversification Canada (WD) is a federal department with 401 full-time equivalent (FTE) staff, based in Western Canada and managed with four regions: British Columbia; Alberta; Saskatchewan; Manitoba; and an Ottawa liaison office (see organization chart in Annex D). The department is headquartered in Edmonton as required by the *Western Economic Diversification Act*, 1988. Each region and corporate unit, as well as all individual senior officials in the department, has a shared responsibility to ensure the department, as a whole, achieves its mandate and objectives, as well as ensuring that the specific needs and issues of the region are addressed.

WD's workforce

*Human Resources	2009-2010	2010-2011	2011- 2012
FTEs	401	386	383

*Note: This chart represents WD's current staffing complement. WD's complement is expected to increase by approximately 60 FTEs for the next two years to support implementation of CAF and RInC, which are Budget 2009 economic stimulus initiatives plus the delivery of the Building Canada Fund and the ongoing Canada Business Network.

WD's representation in all areas is comparable to the available Canadian workforce and the public service as a whole:

- Average age – 45.34 years
- Women – 59 per cent
- Visible minorities – 15.9 per cent
- Aboriginal peoples – seven per cent
- Persons with disabilities – four per cent
- Nine per cent of employees identify French as their first official language

Annex E provides additional details on WD's workforce.

What We Do

In creating a more diversified western Canadian economy, WD aims to help people, organizations and communities achieve or exceed their potential. We fund initiatives that support innovation, business development and the economic development of communities – building a stronger West in a stronger Canada.

Although differences exist among the four western provinces in terms of economic structure, economic performance in the West is heavily dependant on commodities and natural resources, which include agriculture, forestry, mining, and oil and gas. The western Canadian economy is also largely dependant on trade, with approximately one third of its gross domestic product derived from exports.

In Western Canada, a number of factors have contributed to a weakened short-term economic outlook: low and volatile commodity prices; decreased export demand for goods and services; record low consumer confidence; declining capital investment intentions; and a more unfavourable outlook for the American economy.

Over the long term, diversification of the western economy is the key to sustained economic success. A number of structural issues need to be addressed to ensure a more resilient western economy, including:

- ongoing reliance on the resource sector and exposure to volatile markets;
- low business expenditures on research and development, resulting in fewer technologies being developed and commercialized;
- lack of access to early stage capital to facilitate company start-up and growth;
- lower levels of business productivity, negatively affecting global competitiveness;
- the lack of export by a large proportion of small- and medium-sized enterprises (SMEs) (given that exporters generally outperform non-exporters);
- demographic shifts that will limit the availability of skilled labour; and
- low participation rate of Aboriginals in the labour force.

WD's programs encourage entrepreneurship, innovation and community economic development. They are supported by the department's leadership and coordination role in furthering western interests and responding to western challenges. WD works strategically through partnerships – with all orders of government, academic and research institutes, industry associations, and not-for-profit organizations – to implement initiatives that leverage resources and expertise for the benefit of the West and western Canadians.

WD will focus on the following priorities for 2009-2010:

- **Delivery of the Community Adjustment Fund (CAF) and Recreational Infrastructure Canada (RInC) program** – to provide economic stimulus through investments that will

create and maintain jobs in the West;

- **Technology Commercialization** – to facilitate the translation of knowledge and technology into commercial opportunities;
- **Trade and Investment** – to enhance SME participation in global markets, create value-added opportunities connected to Western Canada's gateways and corridors, and attract new investment attraction;
- **Business Productivity and Competitiveness** – to support the growth and competitiveness of western Canadian small business; and,
- **Rural Diversification** – to support new economic options and opportunities in the rural West.

In response to these priorities and to contribute to its strategic outcomes, WD:

- Invests in projects through the Western Diversification Program: which strengthens the western Canadian economy, increases the economic viability of western Canadian communities, and to help the western Canadian economy to become more competitive, expanded, and diversified.
- Implements multi-year contribution programming such as the Western Economic Partnership Agreements (WEPAs). These agreements, between the Government of Canada and the four western provinces, address economic challenges by investing in shared priorities that include –
  - → supporting the creation and growth of research and development, with a focus on getting new products, technologies and services to market;
  - → supporting trade and investment;
  - → enhancing business productivity and competitiveness; and
  - → increasing value-added production in traditional industries.
- Provides funding to members of the Western Canada Business Service Network, which provides more than 100 points of service in rural and urban communities across the West where entrepreneurs can obtain assistance in starting and growing businesses.

- Delivers the western component of three *Economic Action Plan* initiatives announced in Budget 2009:
  - → The two-year, $1B Community Adjustment Fund to provide economic stimulus to mitigate the short-term impacts of the economic downturn in affected communities; of which Western Canada's share is $306M.
  - → The two-year, $500M Recreational Infrastructure Canada program of which $54 million dollars has been allocated to WD for the first of two project implementation tranches. Additional funds for the delivery of the second

tranche is anticipated in 2009-2010. This program supports the construction, rehabilitation and repair of recreational infrastructure; and,

→ The two-year, $500M for community projects through the Communities Component of the Building Canada Fund to accelerate the construction of community projects.

- Works with provinces and municipalities to deliver federal infrastructure funding under the Infrastructure Canada Program, Municipal Infrastructure Fund, Canada Strategic Infrastructure Fund, and the Building Canada Fund Communities Component programs. We deliver these programs in partnership with the Transport, Infrastructure and Communities portfolio departments and western provincial departments. Planned federal investments expected in the coming year in Western Canada total approximately $335.6M.

- Delivers, monitors and evaluates initiatives to mitigate the impact of the mountain pine beetle infestation[1] in the Province of British Columbia.

[1] All projects under this initiative must be completed by March 31, 2010.

WD's 2009-2010 Operational Priorities

1. ***Delivery of Community Adjustment Fund (CAF) and Recreational Infrastructure Canada (RInC) program*** – The most important priority over the next two years will be the delivery of two programs announced in Budget 2009 – *Canada's Economic Action Plan*. WD will deliver CAF and RInC in the West in 2009-2010 and 2010-2011. The objective of both programs is to provide economic stimulus resulting in the maintenance and creation of jobs in the West.

2. ***Technology Commercialization*** – In order to facilitate the translation of knowledge and technology into commercial opportunities, WD will:

   - make strategic investments in technology adoption and commercialization projects leading to an increase in the number of technologies developed in research institutions that have commercialization potential, and an increase in technologies adopted by existing firms; and
   - undertake further sector research and analysis to pinpoint gaps and opportunities, as well as explore new programming and delivery options.

3. ***Trade and Investment*** – WD will focus its efforts on enhancing: SMEs participation in international business development; value-added opportunities connected to Western Canada's gateways and corridors; and investment attraction by:

   - supporting international business development projects targeting the US and Mexico through the North American Platform Program partnership;
   - ensuring that export readiness/advisory information services continue to be provided to SMEs;
   - facilitating access to Government of Canada Major Crown Projects, as well as international procurement opportunities by western Canadian businesses;
   - working with partners to pursue value-added economic opportunities associated with the Asia-Pacific Gateway and Corridor, Port Alberta, and the Mid-Continent Trade Corridor; and
   - supporting western Canadian businesses in their trade development and investment attraction efforts around the Vancouver/Whistler 2010 Winter Olympic and Paralympic Games.

4. ***Business Productivity and Competitiveness*** – To support the growth and competitiveness of western Canadian small business, WD will focus on:

   - continuing to facilitate/enable access to risk capital and business services to SMEs through programs and services offered in conjunction with other business services organizations and associations; and
   - working with western Canadian business, industry and research organizations to undertake systemic initiatives to enhance business productivity and competitiveness. Activities supported by WD in this area may include promoting awareness and adoption of new management and business practices (i.e. lean manufacturing), access to supply chains, creation of business networks and access to skilled labour.

5. ***Rural Diversification*** – To support rural diversification, WD will emphasize:

   - working with Community Futures and other rural-based economic development organizations to focus their efforts to diversify rural communities; and
   - collaborating with other federal departments and agencies with a primary mandate for rural diversification.

Management Excellence

WD places a priority on Management Excellence and continues to make progress in improving management practices. During this planning period, but more specifically during the 2009-2010 fiscal year, WD will concentrate on the following priorities to ensure that we deliver on our operational priorities:

WD's 2009-2010 Management Excellence Priorities

1. ***Public Service (PS) Renewal – WD will sustain the necessary complement of qualified, motivated and knowledgeable staff by focusing on the following:***

    - Integrated business and human resource planning;
    - Employee engagement, career development, talent management, and succession planning;
    - Ensuring that WD has the required human resources in place to deliver CAF and RInC; and
    - Strategic recruitment and renewal initiatives.

2. ***Performance Measurement - To support improved performance measurement, WD will focus on addressing challenges through:***

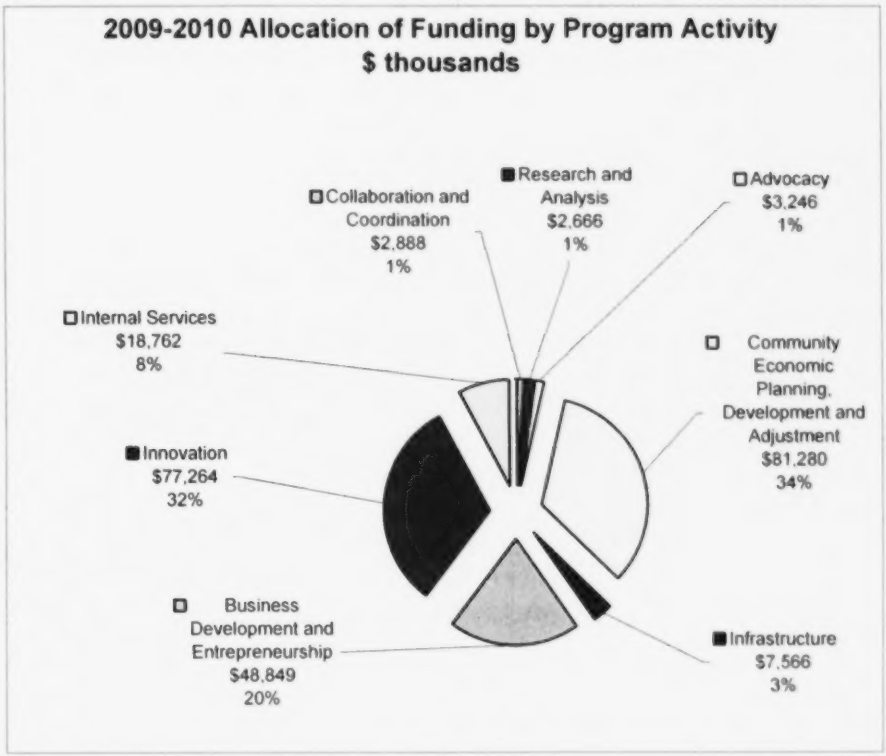
    - Reviewing performance measures to ensure relevance and appropriate measuring;
    - Further development of WD's project database system, Project Gateway, to more effectively track data related to performance measurement; and
    - The introduction of a performance reporting process, which will track progress against established performance targets and support organizational decision-making.

3. ***Integrated Risk Management*** – The department will:

    - Review, update and more fully integrate risk-based decision-making into all elements of WD management practices; and
    - Create risk management tools and train employees on risk management practices.

Our Budget

*Financial Resources	2009–2010	2010–2011	2011–2012
($ thousands)	242,521	158,837	151,375


2009-2010 Allocation of Funding by Program Activity
$ thousands
Collaboration and Coordination $2,888 1%
Research and Analysis $2,666 1%
Advocacy $3,246 1%
Internal Services $18,762 8%
Community Economic Planning, Development and Adjustment $81,280 34%
Innovation $77,264 32%
Business Development and Entrepreneurship $48,849 20%
Infrastructure $7,566 3%

* Please refer to Annex F for additional details on the allocation of funding by program activity.

Note: Financial resources are depicted as presented in the 2009-2010 *Report on Plans and Priorities*, prior to receiving details on the Budget 2009 Economic Stimulus initiatives. WD expects to receive the following additional resources in 2009-2010:

CAF - $153.1M (includes both grants and contributions and operating funds);
RInC - $32.1M (includes both grants and contributions and operating funds). An additional $32.1M for the delivery of second tranche of RInC is also expected in 2009-2010;
Building Canada Fund - $2.1M (operating funds); and
Canada Business Network - $3.8M (operating funds).

Our Operating Environment

Western Canada's Economic Environment

About Western Canada

While differences exist among the four western provinces in terms of economic structure, one key similarity is prevalent: economic performance in the West is heavily dependent on commodities and natural resources, which include agriculture, forestry, mining, and oil and gas, despite the strengths in manufacturing and other sectors, taken as a whole. Compared to the rest of Canada, the West's economic output from the resource sector accounts for a much higher component of the total gross domestic product (GDP) (see Figure 1). Taking the year 2007 as an example, 15 per cent of the regions' GDP was produced by the resource sector, compared to three per cent for the rest of the country.

In British Columbia, the forestry industry is at the forefront of the economic landscape. In Alberta, oil and gas production dominates the province's economy. Saskatchewan's mix of potash mining, oil extraction, and agriculture industries leads its growth. Manitoba, which is the most diversified economy in the West, has a significant percentage of its GDP output based on the mining and agricultural sectors.

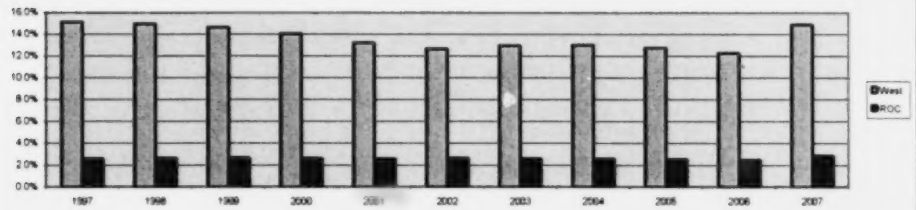
The western Canadian economy is also largely dependant on trade, with approximately one third of its total GDP derived from exports. The largest trading partner is the United States, accounting for about 80 per cent of the West's total exports.

Strong economic growth has created spin-off opportunities for supporting industries such as manufacturing, industrial and residential construction, science and technology innovation, and services throughout the regions. Western Canada has been taking advantage of these opportunities and working hard to build stronger economic foundations and maintain its competitiveness in the global market.

Western Canada's Economic Outlook[2]

Canada's real GDP growth in 2008 slowed to 0.5 per cent, from 2.7 per cent in 2007. Private sector forecasters predict the economy will contract between 2.4 per cent and 0.5 per cent in

Figure 1
% of GDP from the resource sector



[2] Sources: Conference Board of Canada, Statistics Canada, Canada West Foundation's *State of the West 2008*.

2009[3]. The global economic crisis has undermined the nation's economic performance, with no province being sheltered from the slowdown.

Before the crisis hit the global economy in the second half of 2008, Western Canada had been experiencing strong growth as a result of favourable market and economic conditions. High commodity prices, thriving consumer spending and strong demand for exports had led to impressive economic growth in these regions. For the year 2007, real GDP growth for the western provinces was recorded as 3.0 per cent for British Columbia, 3.1 per cent for Alberta, 2.5 per cent for Saskatchewan, and 3.3 per cent for Manitoba. It is believed that the current economic crisis, however, has seriously affected the economic performance of Western Canada in 2008, with growth rates predicted to be much slower. The West's dependence on natural resources and the US market leaves it particularly vulnerable to external factors.

In Western Canada, a number of factors have contributed to a weakened short-term economic outlook: low and volatile commodity prices; decreased export demand for goods and products; record low consumer confidence; declining capital investment intentions; and a more pessimistic outlook for the US economy. Nonetheless, the most direct short-term factor is the effect of falling commodity prices on the domestic economy in the West, as high energy and resource prices have been the source of strong income gains for the past few years. For 2009, British Columbia's economy is expected to experience a contraction due to weak demand domestically and in export markets, as well as weaknesses in the forestry, manufacturing, mining and construction sectors. Although the Vancouver 2010 Winter Olympic Games and the *Economic Action Plan* are expected to stimulate the economy, the economic contraction rate will likely still be in the range of 2.3 per cent to 0.1 per cent of GDP.

After slower growth in 2008, the economic outlook for Alberta remains uncertain in 2009. Many oil sands projects and investments are either cancelled or delayed due to falling oil prices. Housing prices have receded and significant job losses have been reported. Forecasters suggest that Alberta will be among the Canadian provinces experiencing the sharpest declines in 2009, and predict a recession rate of between 2.5 per cent to 0.5 per cent of GDP.

For Saskatchewan, the economy is expected to remain on a relatively stable ground and to outpace all Canadian provinces in 2009, after leading the nation in growth in 2008. Real GDP growth has been forecasted to reach as low as zero per cent to as high as 1.6 per cent. While commodity price decreases will slow growth, the medium-term outlook is still favourable for potash, uranium, and energy industries.

A more diversified economy is helping Manitoba weather the current economic situation. Robust demand for transportation equipment, in particular for aerospace parts and transit buses, brings positive prospects to the manufacturing sector in spite of the lagging demand from the United States

[3] Private sector forecasters of provincial GDP growth include the Conference Board of Canada, Bank of Montreal, Royal Bank of Canada, Scotiabank and TD Economics.

and challenging economic conditions globally. As such, the private sector's outlook for the province is divided, ranging between a pessimistic 1.3 per cent contraction to an optimistic 1.0 per cent growth in 2009[4].

Over the long term, diversification of the western economy is the key to sustained economic success. A number of structural issues need to be addressed to ensure a more resilient western economy, including the:

- ongoing reliance on the resource sector and exposure to volatile commodity markets;
- low business expenditures on research and development, resulting in fewer technologies being commercialized;
- lack of access to early stage capital to facilitate company start-up and growth;
- lagging levels of business productivity, negatively affecting global competitiveness;
- lack of exports by a large proportion of SMEs (given that exporters generally outperform non-exporters);
- aging population and workforce affecting access to the necessary skilled labour pool; and
- low participation rate of the Aboriginal labour force, which represents a significant proportion of the available workforce.

Addressing these issues is vital to ensuring a more competitive and diversified economy in Western Canada in the long run.

Governance

The Deputy Minister chairs the departmental Executive Committee, which is responsible for overall strategic direction and management of the department. WD's Executive Committee is comprised of the Deputy Minister and the direct reports to the Deputy Minister (see Department Organization Chart, Annex D), as well as the Director, Consultation, Marketing and Communications. There is also a series of other committees charged with specific components of the department's planning, policy, reporting and evaluation responsibilities.

At all levels of the organization, the plans and management strategies are guided by the following consistent components:

- planning activities are framed by the departmental strategic outcomes.
- plans and activities are informed by risk assessment/management strategies; and,
- plans are informed by, and responsive to, the results achieved and reported on in the previous period.

Under the leadership of the Assistant Deputy Ministers, the regions are responsible for delivering the programs and initiatives that respond to regional opportunities and challenges, and contribute to achieving the desired outcomes of the department.

[4] Private sector forecasters of provincial GDP growth include the Conference Board of Canada, Bank of Montreal, Royal Bank of Canada, Scotiabank and TD Economics.

Opportunities and Challenges

The department anticipates facing a number of opportunities and challenges during the course of 2010-2011.

The department's core resources, both grants and contributions, and operating funds, are scheduled to decline. At the same time, WD will be delivering on two new temporary initiatives announced in Budget 2009 – the western component of the two-year $1B CAF program and the western component of the $500M RInC program, essentially doubling WD's grants and contributions resources over the next two years.

WD delivers on its mandate largely through grants and contributions projects, including national initiatives such as CAF and the RInC program. While these two new programs clearly present an opportunity for WD to directly contribute to the Government of Canada's economic stimulus objectives, they also present challenges, particularly as a result of the short timeframes for launching and completing the delivery of the programs within the two-year time frame. For example, WD's grants and contributions project management system, Project Gateway, must be redesigned to accommodate the new programs. There are significant workload and time pressures associated with recruitment, reassignment and training of staff, as well as accommodations, equipment, reporting, performance measurement, and so forth, which are all activities that must be quickly ramped up to meet the program objectives (CAF and RInC).

WD has the opportunity to deliver these two programs in a manner that responds to the West's interests and needs.

The delivery of these national initiatives provides a significant opportunity for WD to review its human resources and public service renewal priorities and strategically align desired business outcomes with human resource priorities. These programs present an opportunity for the renewal of WD's workforce in order to improve its capacity to deliver programming for the West through a highly trained and professional public service. For example, strategic recruitment for the CAF and RInC programs – either for new or existing staff – provides an opportunity to enhance departmental representation in employment equity and official languages groups. Existing staff can benefit from the developmental opportunities associated with the delivery of the new programs. Experienced program officers and managers will bring their knowledge of grants and contribution program delivery to the CAF and RInC programs.

In addition, analysis of WD's demographics suggests a significant increase in anticipated retirements in both the project officer and managers levels, beginning in 2012 and continuing into 2014. Twenty-five per cent of WD employees will be eligible for retirement before the end of the 2013-2014 fiscal year. The challenges associated with public service renewal in this environment, particularly regarding replacement of departing staff and knowledge transfer to new recruits, can be mitigated by the development of longer-term recruitment and retention objectives and strategies. Skill sets that

will be useful to the department in the long-term can be targeted in recruitment initiatives designed to also meet the temporary and short-term needs of programs such as CAF and RInC.

WD has assigned additional resources and increased attention to performance measurement, in order to assess and better communicate the benefits the department provides to Canadians. The results of audits and evaluations will be critical in ensuring that WD's programs are relevant, are managed effectively and efficiently, for ensuring that that resources are appropriately allocated to best support WD's priorities, and that WD is providing streamlined services to clients in order to deliver results quickly.

WD continues to rely on its relationships with a strong network of other organizations including: academic and financial institutions; research centers; not-for-profit organizations; and other levels of government in order to maximize the benefits of our investment in Western Canada. While there are complexities and challenges associated with aligning priorities of different organizations, it enables WD to ensure that western Canadian interests are more fully reflected in national decision-making.

Section II

Entrepreneurship and Innovation

Strategic Outcome:

The western Canadian economy is competitive, expanded and diversified

Entrepreneurship and Innovation	2009-2010	2010-2011	2011-2012
Human Resources (FTEs)	123	119	119
Planned Spending ($ thousands)	126,113	94,025	87,548

Innovation drives business growth and competitiveness, and the future of Western Canada's economy and continued success will be determined by the degree to which western Canadian businesses and industries innovate and engage in growing and competitive markets.

WD works with western Canadian businesses, industry and research organizations to undertake initiatives to enhance business productivity and competitiveness, support trade and investment attraction and improve access to international markets for western Canadian technologies, services and value-added products. WD strengthens value-added production by supporting initiatives in priority sectors to introduce new products, technologies or innovations to existing productions and processes. The department also improves access to risk capital and business services for entrepreneurs and small business through programs and services offered in conjunction with other business services organizations and associations.

Challenges and the WD Response

- Continued heavy reliance on natural resources along with the potential risk of resource price collapse presents both huge challenges and opportunities for industry-led solutions to pursue productivity enhancements.
  - → **To encourage and enable industry-led solutions to productivity challenges, WD will focus on sectors/clusters that are ready to implement productivity enhancements.**

- Continuing deterioration in external trade, especially US exports.
  - → **To ensure that export readiness/advisory information services continue to be provided to SMEs; support international business development projects targeting the US and Mexico, the Asia-Pacific and Latin America regions; and undertake targeted research and analysis to better understand trade and investment policy issues affecting Western Canada.**

Challenges and the WD Response (Continued)

- Low business investment in research and development.
  - → **To enhance technology commercialization, efforts need to be made to increase investments in organizations that introduce new products to markets. Research on priority technology sectors indicates that there are niche opportunities to increase commercialization. To pursue this priority, WD will undertake further sector research and analysis to pinpoint gaps and opportunities, and will explore approaches such as pilot demonstrations, first user or internship programs.**
  - → **To create or expand knowledge infrastructure, and research and skill building; encourage research and development, which leads to technologies with commercial potential; foster skills development, which leads an increase in the number of highly qualified personnel; and build networks, which contribute to increased knowledge exchange and collaboration in innovation.**

- Need to increase/maintain the depth of knowledge and subject-matter expertise in entrepreneurship and innovation within the department.
  - → **Focus on the recruitment of experienced mid-career professionals in order to ensure that subject-matter expertise is maintained.**
  - → **Learning and development priorities will assist in increasing officer and manager depth of knowledge in targeted subject matter fields (for example, technology commercialization, and access to capital).**

We will measure our success for this strategic outcome by:

- A stable growth rate in real GDP;
- An increase in international trade i.e. value of exports, excluding primary production sectors ($42,922M); and
- Stable research and development (R&D) intensity i.e. gross domestic expenditures on R&D (GERD) as a percentage of GDP.

Community Economic Development

Strategic Outcome:

Communities in Western Canada are economically viable

Community Economic Development	2009-2010	2010-2011	2011-2012
Human Resources (FTEs)	81	76	73
Planned Spending ($ thousands)	88,846	38,429	37,520

WD is working to increase the economic viability of western Canadian communities by supporting economic development and diversification initiatives that enable them to sustain their economies and adjust to changing and challenging economic circumstances. This may include facilitating economic recovery from depressed economic circumstances while ensuring that economic, social and environmental considerations are taken into account in initiatives designed to foster community growth and economic development.

Challenges and the WD Response

- Diversification of rural economies in Western Canada.
  - → **Work with western Community Futures Development Corporations and other rural-based economic development organizations to focus their efforts to diversify rural communities.**
- Support the growth and competitiveness of western Canadian small business.
  - → **Continue to facilitate/enable access to risk capital and business services to SMEs through programs and services (i.e. Western Canada Business Service Network).**
  - → **Work with western Canadian business, industry and research organizations to undertake initiatives to enhance business productivity and competitiveness.**
- Maintain economies of western communities during the current global economic downturn.
  - → **Deliver the western component of the two-year, $1B CAF initiative announced in Budget 2009. This national initiative will help communities maintain and create jobs in order to reduce the short-term impacts of the global economic downturn.**
  - → **Deliver the western component of the RInC initiative announced in Budget 2009. This national initiative will provide $500M over two years to support construction of new community recreational facilities and upgrades to existing facilities.**

Challenges and the WD Response (Continued)

- → **Promote rural diversification through support of projects that help communities to undertake value-added processing and encourage new opportunities for skilled employment.**
- → **Encourage Aboriginal participation in the economy.**

- Communities adversely affected by the widespread beetle infestation and downturn in the forestry sector.
  - → **Deliver, monitor and evaluate the Community Economic Diversification Initiative and Airport Improvements Initiative components of the federal mountain pine beetle response in British Columbia.**

- Aging public infrastructure in Western Canada.
  - → **Continue the administration of the Infrastructure Canada Program until the program's planned conclusion on March 31, 2011.**
  - → **Continue the delivery of the Municipal Rural Infrastructure Fund.**
  - → **Administer Canada Strategic Infrastructure Fund projects.**
  - → **Deliver the Building Canada Fund Communities Component (including additional funds provided in Budget 2009 – *Canada's Economic Action Plan*) and non-transportation related Major Infrastructure Component projects.**
  - → **Continue collaboration with Infrastructure Canada and the other regional development agencies to improve the delivery of national infrastructure programs.**

- Ensuring the department has the people in place to deliver on new program commitments (CAF, and RInC).
  - → **Delivery of the CAF and RInC programs will be supported by the development of a human resource strategy including classification, staffing and training activities.**
  - → **Utilize the knowledge and experience of existing staff, recruit new staff, and undertake training and orienting employees, as appropriate.**

We will measure our success for this strategic outcome by:

- An increase in disposable income per capita; and
- A stable labour productivity growth rate of 1.2 per cent (real gross domestic product per hour worked).

Policy, Advocacy and Coordination

Strategic Outcome:

Policies and Programs that strengthen the western Canadian economy

Policy, Advocacy and Coordination	2009-2010	2010-2011	2011-2012
Human Resources (FTEs)	62	60	60
Financial Resources	8,800	8,610	8,602

As a relatively small department, WD must ensure that its policies and programs are responsive, strategic and focused with respect to the diversification challenges in the West.

The *Western Economic Diversification Act* (1988) empowers the Minister to advance the interests of Western Canada in national economic policy, program and project development and implementation, through the establishment of cooperative relationships with the western provinces and other stakeholders, and through the initiation of policy research. WD provides a strong voice for Western Canada in national policy discussions, resulting in effective strategies, policies and programs to address the economic development needs and aspirations of Western Canada. This includes leading federal and intergovernmental collaboration to pursue key opportunities for long-term growth and diversification in areas of federal or shared federal-provincial jurisdiction. WD also undertakes research and analysis required to enable effective policy and program decisions.

Challenges and the WD Response

- Each provincial economy has unique characteristics and priorities.
  - → **Work within this environment and support national economic development priorities in cooperation and collaboration with other orders of government.**
  - → **Partnerships with the four western provinces through agreements such as the** Western Economic Partnership Agreements **and other joint federal-provincial arrangements allow WD to work with other orders of government to enable significant investments in projects that support federal and provincial priorities.**

- Risk that economic development initiatives are not coordinated and thus do not maximize the economic benefits to the West.
  - → **Further the efforts of the working group of Western Deputy Ministers with responsibility for economic development and innovation.**
  - → **Participate in western-based consultation forums such as the Regional Federal Councils located in each western province, regional trade teams, and senior western innovation officials.**

Challenges and the WD Response (Continued)

- Risk of not capitalizing on the strengths in the West in order to improve the economy.
  - → **Encourage an increase in Western Canada's value-added content in global supply chains through the federal Asia-Pacific Gateway and Corridors Initiative and the Mid-Continent Trade Corridor.**
  - → **Promote the West's aerospace, defence, security, shipbuilding and high-technology industries to key federal stakeholders and international prime contractors looking to identify suppliers for the federal government's defence procurement.**
  - → **Champion Western Canada's contributions to the federal science and technology strategy, including the potential of western Canadian businesses to become more innovative in order to bolster national competitiveness and productivity.**
  - → **Advance the business case for developing transportation, distribution and logistics centres in the West.**

- WD needs to have the necessary research basis to identify key risks and opportunities for western Canadian economic prosperity.
  - → **Enhance engagement with universities to support student-led research in areas of shared priorities.**
  - → **Support research that assists in the development of policy options for Western Canada and helps position it for long-term success in the global economy.**
  - → **Develop strategies, policies, and programs for long-term growth and competitiveness.**
  - → **Deepen the understanding of Canadian stakeholders of the economic opportunities associated with the Asia-Pacific Gateway and Corridor and/or the Mid-Continent Trade Corridor.**

We will measure our success for this strategic outcome by:

- Aiming to have 55 per cent of key informants, who agree that WD activities provide policies and programs that support the economic development of Western Canada;
- Investing and leveraging $350M in project funding; and
- 85 per cent of projects completed this fiscal year successfully meeting or exceeding performance targets.

Management Excellence

During 2009-2010, the department will place a priority in the following Management Excellence agenda areas:

- Public Service Renewal;
- Performance Measurement;
- Integrated Risk Management.

Best management practices in the public sector, just as in the private sector, are constantly evolving. However, demonstrating that decisions are grounded in a strong culture of values and ethics, and that there is accountability, good client service and value for money, is among the standards by which today's high-performing public sector organizations are measured.

Overall, WD is recognized by our stakeholders and our staff to be well-managed and responsive to issues that arise[5]. WD finds new ways to work collaboratively with others to ensure that government initiatives are managed efficiently and effectively. In fact, the department demonstrates a strong commitment to working with partners and leveraging its investments, and this commitment allows WD to have a far greater impact with its investments, policies and programs than would otherwise have been possible. The department, although relatively small, is involved in numerous horizontal policy and program initiatives (e.g., the North American Platform Program, the delivery of federal infrastructure programs in the West, co-chairing federal councils in each region), and shared administration systems.

There are many specific management initiatives underway across the department, which are referenced and accounted for in the more detailed regional and corporate branch plans.

The department is responsible for managing itself within a framework of organizational excellence established for the entire federal public service. In part, WD uses its *Management Accountability Framework* assessment to set management priorities for the upcoming year.

For 2009–2010, WD will focus on the following management priorities:

Public Service Renewal

Why this is a priority?

- To ensure the department continues to have the people, knowledge and skills to effectively deliver on its mandate and contribute to Government of Canada priorities.
- Public Service Renewal has been a priority of the Government of Canada for the past two years as outlined in the *Public Service Renewal Action Plan*.

Plans for meeting the priority

WD will sustain the necessary complement of qualified, motivated and knowledgeable staff by focusing on the following:

- Integrated business and human resource planning. This will be accomplished by:
  - → Developing a human resource strategy specific to the implementation of the CAF

[5] Sources: The Western Diversification Program (WDP) Evaluation (2008) and the Public Service Employee Survey (2005).

and RInC programs in the first quarter of the fiscal year; and
  - → Identifying and risk-ranking human resource gaps and prioritizing necessary measures to fill them.

- Employee engagement, career development, talent management, and succession planning. This will be accomplished by:
  - → Department-wide implementation of succession planning and EX talent management initiatives;
  - → Implementation of a three-year strategy for learning and development;
  - → Analysis of the results of the 2008 Public Service Employee Survey and development of an action plan to address results requiring attention; and
  - → Promotion of the WD Official Language Training Policy to ensure employees' ability to work in their language of choice, and to assist with succession planning.

- Strategic recruitment and the accomplishment of public service renewal initiatives will be accomplished by:
  - → Developing and implementing strategies for the recruitment, retention and promotion of employment equity groups based on labour market availability;
  - → Recruiting ten new professionals by March 31, 2010 (eight will meet employment equity definitions); and
  - → Sourcing and hiring new professionals using student bridging programs and direct recruitment through outreach to western Canadian universities.

Performance Measurement

Why this is a priority?

- To ensure value for money and to enable understanding and communication of program impacts, WD is committed to effective performance measurement.
- 2008-2009 was the first year of target setting for the Program Activity Architecture.
- To ensure a high quality Performance Measurement Framework that meets the requirements of the Management, Resources, and Results Structure Policy as it continues to be implemented.

Plans for meeting the priority

To support improved performance measurement, WD will focus on addressing challenges through:

- Reviewing performance measures to ensure relevance and appropriate measuring;
- Further developing WD's project database system, Project Gateway, to more effectively track data related to performance measurement; and;
- Introducing a performance reporting process, which will track progress against established performance targets and support organizational decision-making.

Integrated Risk Management

WD's Integrated Risk Management Framework has been developed to provide the department with tools to support the department's governance responsibilities, accountabilities, analytical processes, and advice needed to ensure that risks are appropriately identified and mitigated. Our risk framework has been applied throughout the organization, from individual project assessment and management strategies, to the Corporate Business Plan.

WD's Corporate Risk Profile (CRP) gives consideration to environmental risks, feedback received through the Treasury Board Secretariat Management Accountability Framework Assessment, recommendations from audits and evaluations, risks identified in delivering on departmental priorities, and the Program Activity Architecture.. A summary of the CRP is included as Annex C. Each year, and more often as required, the department will re-assess its key risks, and adjust its plans and responses (management strategies) accordingly.

At the highest level, this ensures that the Corporate Business Plan and the *Report on Plans and Priorities* respond to the risks identified. Once the departmental risk and management strategies are identified, more detailed plans for the department are developed for the next fiscal year. These include: the *Change Management Plan*; the *Information Management and Technology Plan*; the *Values and Ethics Plan*; the *Financial Plan*; the Official Languages Strategy; the Procurement Strategy; the Asset Management Strategy; and the Sustainable Development Strategy, as well as the individual regional and corporate branch plans. At this more detailed level, each plan is consistently aligned with the department's strategic outcomes and Program Activity Architecture and the risk management strategy. The reporting framework follows the same logic model, but lags by one year or reporting cycle.

Why this is a priority?

- Reviewing, updating and more fully integrating risk-based decision-making into all elements of management continues to be of importance to the department to ensure sound and well-informed decisions.
- New expectations for integrated risk management have been articulated in updated Treasury Board policies such as the Transfer Payment Policy, and the Policy on Internal Control.

Plans for meeting the priority

The department will make progress against this priority by:

- Reviewing, updating and more fully integrating risk-based decision making into all elements of WD management practices; and
- Creating risk management tools and training employees on risk management practices.

Key management excellence work already underway

In addition to these priorities, there is important work underway in other key areas of the department that support efforts to achieve WD's strategic outcomes and commitment to management excellence. This includes, but is not limited to:

- As part of its *Values and Ethics Plan*, and based on the results from the National Employee Survey, regional and departmental action plans will be developed to address areas of concern for by fall 2009.

- As part of its *Change Management Plan*, the department is focusing on three major organizational change initiatives. These include:

  - → The continued implementation of priorities that resulted from the visioning and consultation initiative in 2006;
  - → The change that results from the public service/human resource renewal agenda; and
  - → Significant organizational changes implemented to strengthen WD's accountability regime and reporting capacity.

- As part of the *Information Management and Technology Plan*, the department continues its commitment to both Project Gateway development and the information management agenda (with a focus on electronic document management in 2009-2010). These two significant initiatives directly support the department in its due diligence, management, results reporting and proactive disclosure of information.

- The WD Official Languages Strategy is fully integrated in the strategic priorities and outcomes of the department. As part of its Official Languages Strategy and its commitments under the *Official Languages Act*, the department is focused on the following priorities: the provision of services in both official languages, fostering a work environment that encourages the use of both official languages, and supporting and facilitating the economic development of Official Language Minority Communities (OLMCs) in the West. Through the Economic Development Initiative of the Roadmap for Canada's Linguistic Duality 2008-2013, WD will receive $3.2M over five years to foster the development of new business expertise through innovation, entrepreneurship, partnerships and diversifying economic activities. The pursuit of these priorities will contribute to policies and programs that are sensitive to western OLMCs, thereby encouraging diversified, competitive, innovative OLMC economies that are sustainable.

- As part of its *Communications Plan*, the department will focus on the provision of strong strategic communications support, development of a sustainable approach to communications, implementation of CAF and RInC initiatives, establishment of a mechanism to maintain evergreen content on the Internet and a focus on results reporting and accountability.

- As part of its *Risk Based Audit Plan*, WD selects and prioritizes audits based on risk exposure, risk significance, and the quality of internal controls to mitigate risks. The audits will independently assess the department's governance, risk management and control practices,

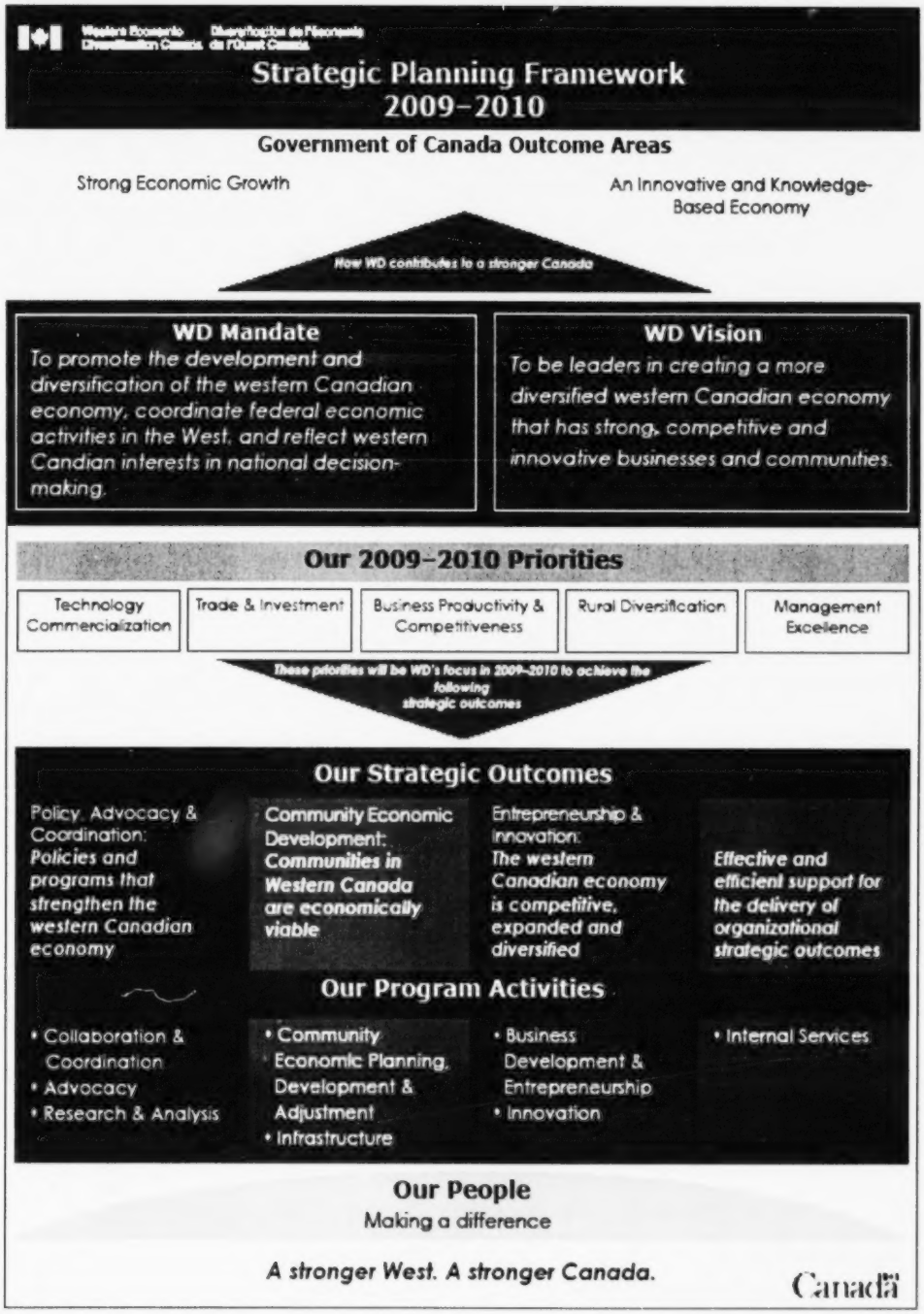
and provide assurances therein. Where applicable, the audits will also provide recommendations to improve the efficiency and effectiveness of those practices.

- As part of its five-*year* *Evaluation Plan* for 2008-2013, WD will achieve 100 per cent evaluation coverage of all WD direct program spending during this period, as specified in the updated Treasury Board evaluation policy. Evaluation projects and engagements included in the plan were based on a combination of risk assessment, needs assessment, and a consultation, analysis and prioritization process. The evaluation projects will provide a neutral assessment of the relevance, cost-effectiveness and success of WD's program spending.

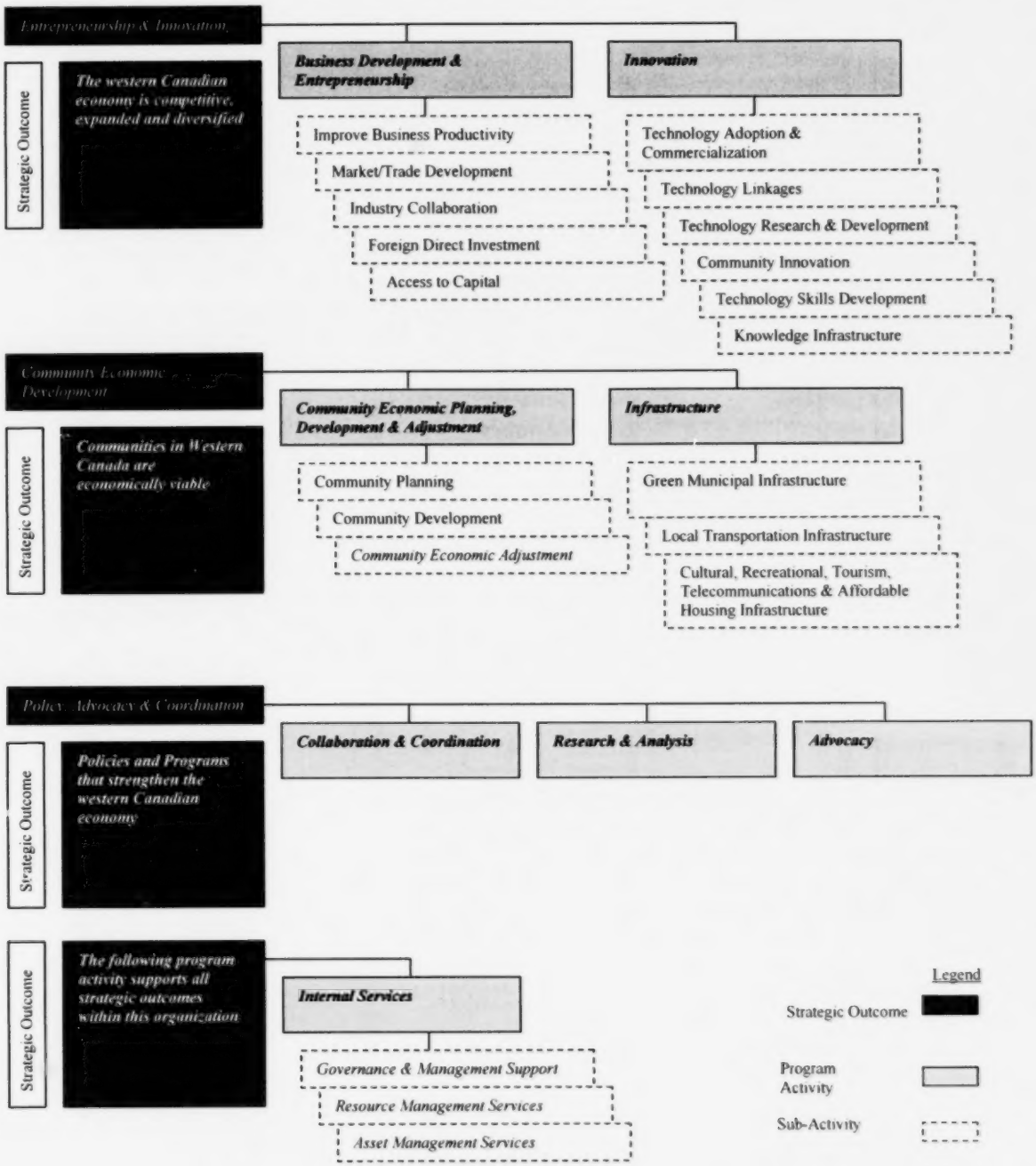
- As part of its Sustainable Development Strategy, the department will facilitate the development, commercialization, adoption and adaptation of new environmental technologies and processes within Western Canada, and facilitate a greater awareness of Government of Canada sustainable development concepts and opportunities.

All of these management activities and priorities are necessary to ensure that the department can achieve its strategic outcomes, and make a positive contribution to the western Canadian economy and the Government of Canada's performance as a whole.

Annex A: Strategic Planning Framework


Western Economic Diversification Canada
Diversification de l'économie de l'Ouest Canada
Strategic Planning Framework
2009–2010
Government of Canada Outcome Areas
Strong Economic Growth
An Innovative and Knowledge-Based Economy
How WD contributes to a stronger Canada
WD Mandate
To promote the development and diversification of the western Canadian economy, coordinate federal economic activities in the West, and reflect western Candian interests in national decision-making.
WD Vision
To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities.
Our 2009–2010 Priorities
Technology Commercialization
Trade & Investment
Business Productivity & Competitiveness
Rural Diversification
Management Excellence
These priorities will be WD's focus in 2009–2010 to achieve the following strategic outcomes
Our Strategic Outcomes
Policy, Advocacy & Coordination: Policies and programs that strengthen the western Canadian economy
Community Economic Development: Communities in Western Canada are economically viable
Entrepreneurship & Innovation: The western Canadian economy is competitive, expanded and diversified
Effective and efficient support for the delivery of organizational strategic outcomes
Our Program Activities
• Collaboration & Coordination
• Advocacy
• Research & Analysis
• Community Economic Planning, Development & Adjustment
• Infrastructure
• Business Development & Entrepreneurship
• Innovation
• Internal Services
Our People
Making a difference
A stronger West. A stronger Canada.
Canada

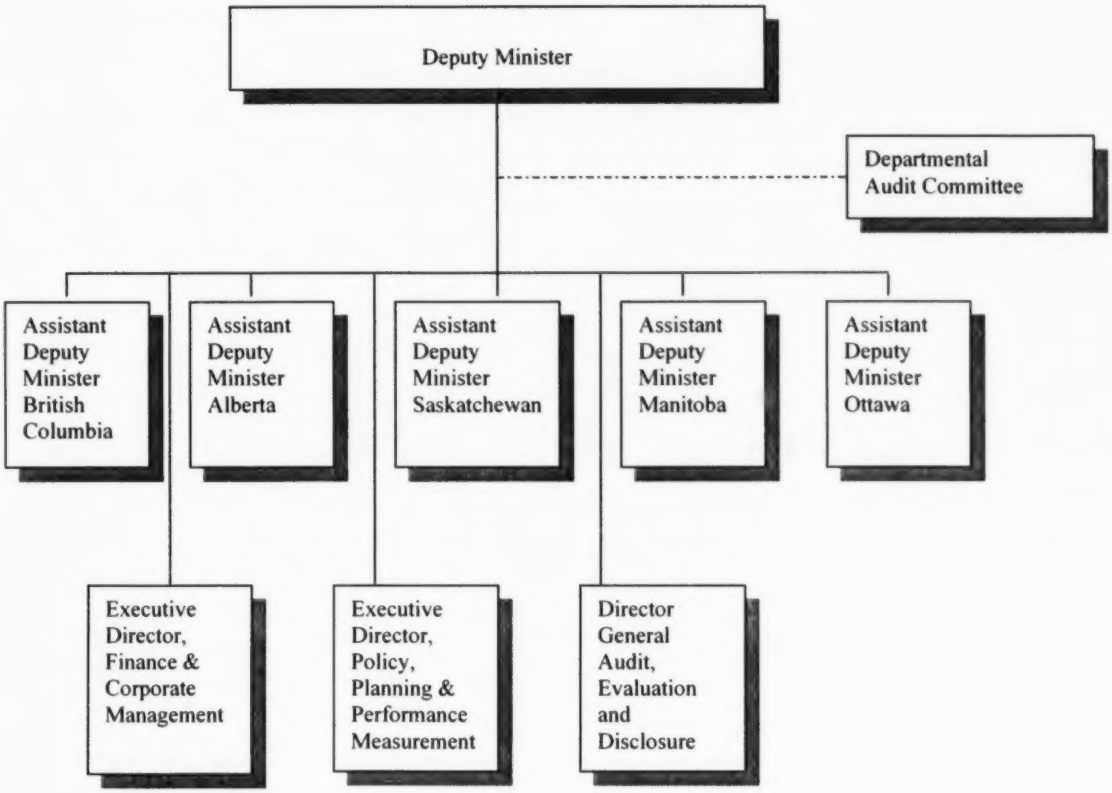
Annex B: WD Program Activity Architecture



Annex C: Corporate Risk Profile

Western Economic Diversification Canada's Corporate Risk Profile, 2009-2010	
Risk Area	**Risk Definition**
Results	There is a risk that WD will lack accurate, accessible performance results to evaluate progress achieving WD's mandate and improving internal management.
Partnership	There is a risk that WD's service partners are unable to undertake WD priority activities.
Communications	There is a risk that WD messages will not be communicated effectively and consistently and that this will impact both internal audiences (e.g., within WD and the government) and external audiences (e.g., WCSBN partners, clients, stakeholders, and the public).
Public Service Renewal	There is a risk that program effectiveness may be compromised by not attracting, developing and retaining high calibre staff.
Financial Management	There is a risk that WD will not be able to demonstrate the effectiveness of its financial control framework and there is a risk of inadequate department-wide budget management.
Resources	There is a risk that WD will not secure sufficient resources in future years to effectively deliver on its mandate.
Program Relevance	Programs and policies may not be well designed to meet Western Canada's development and diversification needs and Government of Canada priorities.
Economic Conditions	There is a risk that there will be a major change in the global or domestic economy and WD does not have the policy and financial flexibility to adapt programming and advocacy strategies to respond.
Reputation and stakeholder confidence	There is a risk that western Canadian views are not reflected in the development of new federal initiatives. There is a risk that WD's public reputation could be compromised in situations where our role as delivery agent includes full responsibility for program delivery, but less than full authority to make decisions necessary to effectively address local stakeholder concerns with program delivery.

Annex D: Departmental Organization Chart


Deputy Minister
Departmental Audit Committee
Assistant Deputy Minister British Columbia
Assistant Deputy Minister Alberta
Assistant Deputy Minister Saskatchewan
Assistant Deputy Minister Manitoba
Assistant Deputy Minister Ottawa
Executive Director, Finance & Corporate Management
Executive Director, Policy, Planning & Performance Measurement
Director General Audit, Evaluation and Disclosure

Annex E: Human Resources Profile

Classification Groups

AS – Administrative Services
CO – Commerce
CR – Clerical & Regulatory
CS – Computer Systems
DM – Deputy Minister
EC – Economics
EX – Executive
FI – Financial Management
IS – Information Services
LS – Library Science
PE – Personnel Administration
PL – Leadership Programs
PM – Program Administration

Glossary of Terms

ADT – Authority Delegation Training
ATIP – Access to Information and Privacy
CO-OP – Co-operative Education Student Program
FSWEP – Federal Student Work Experience Program
CAP – Career Assignment Program

WD Workforce - By Employment Type

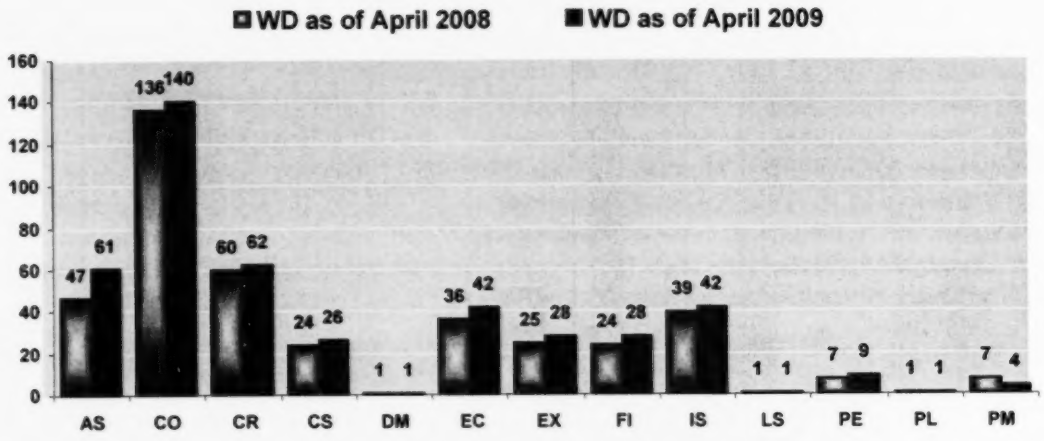
WD Employee Count				
	As of March 31, 2008	As of March 31, 2009		Year-over-year
Indeterminate	395	421	↑	7%
Term	13	24	↑	85%
Casual	15	4	N/A	*
Coop	13	14	N/A	*
FSWEP	9	5	N/A	*
Interchange In	3	1	N/A	*
Secondment In	11	11	Nil	0%
CAP In	0	0	Nil	0%
Total	459	480		

* Highly fluctuating number; accurate comparison not applicable.

WD – Employee Population Comparison 2008-2009

(Indeterminate and Term Only)

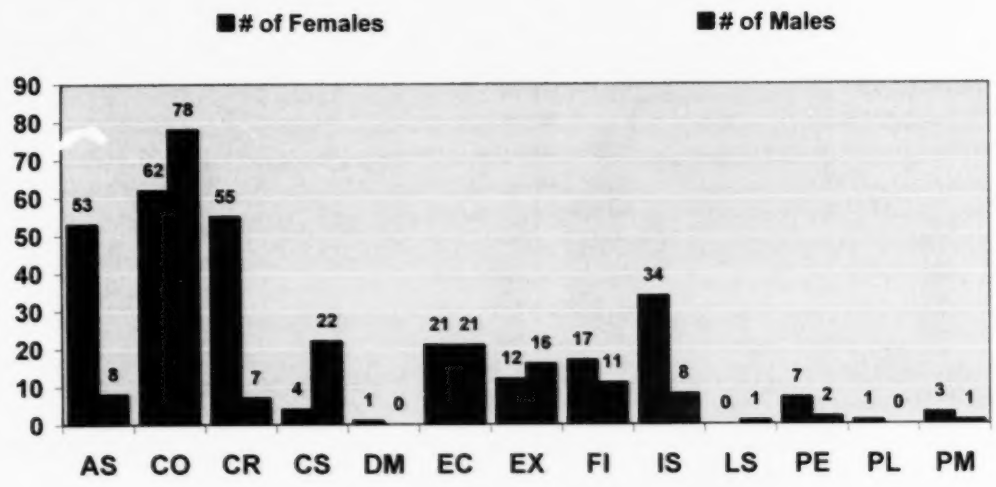
By Classification Group



WD – Employee Population Comparison 2008-2009

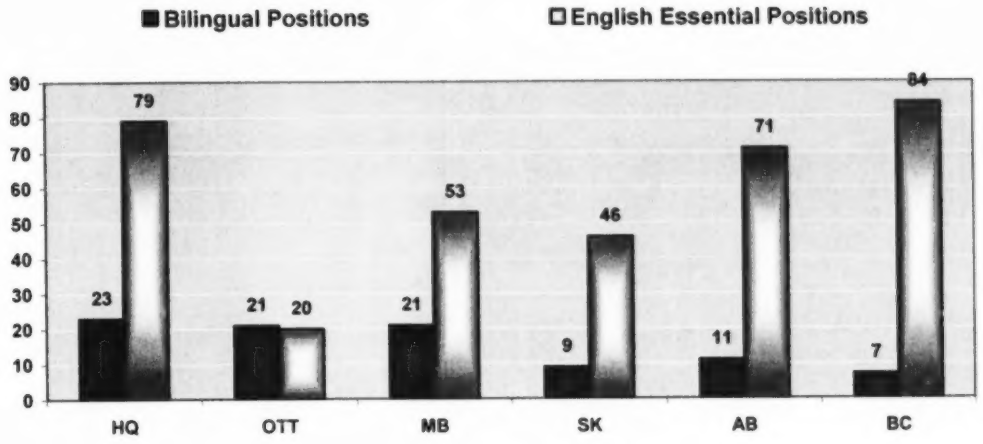
(Indeterminate and Term Only)

By Gender



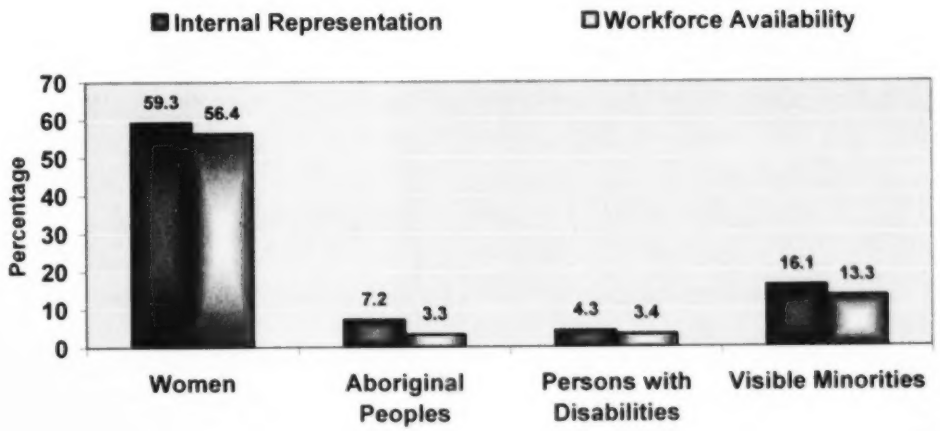
WD – Official Languages Representation

(Indeterminate and Term Only)



WD – Employment Equity

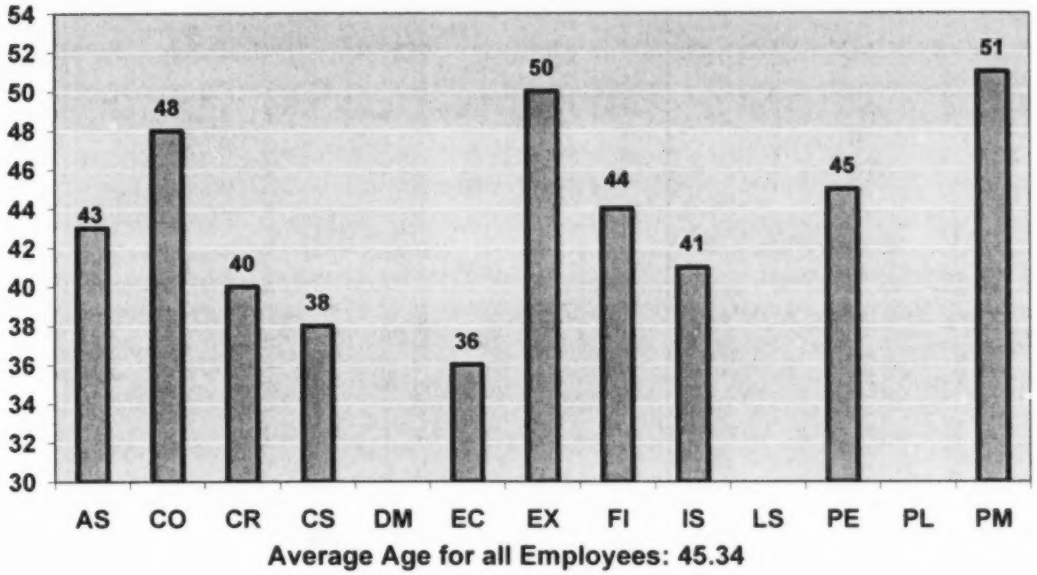
As of March 31, 2009



WD – Employee Population

(Indeterminate Only)

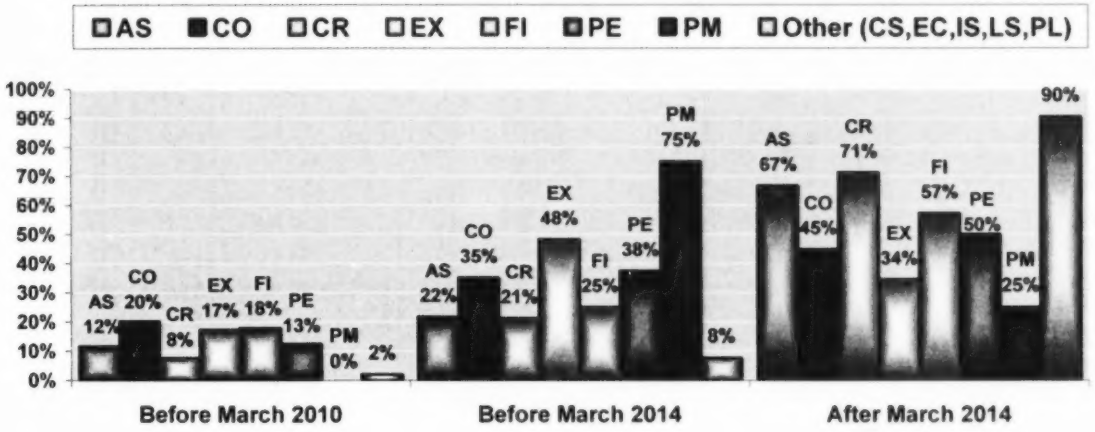
Average Age by Classification Group



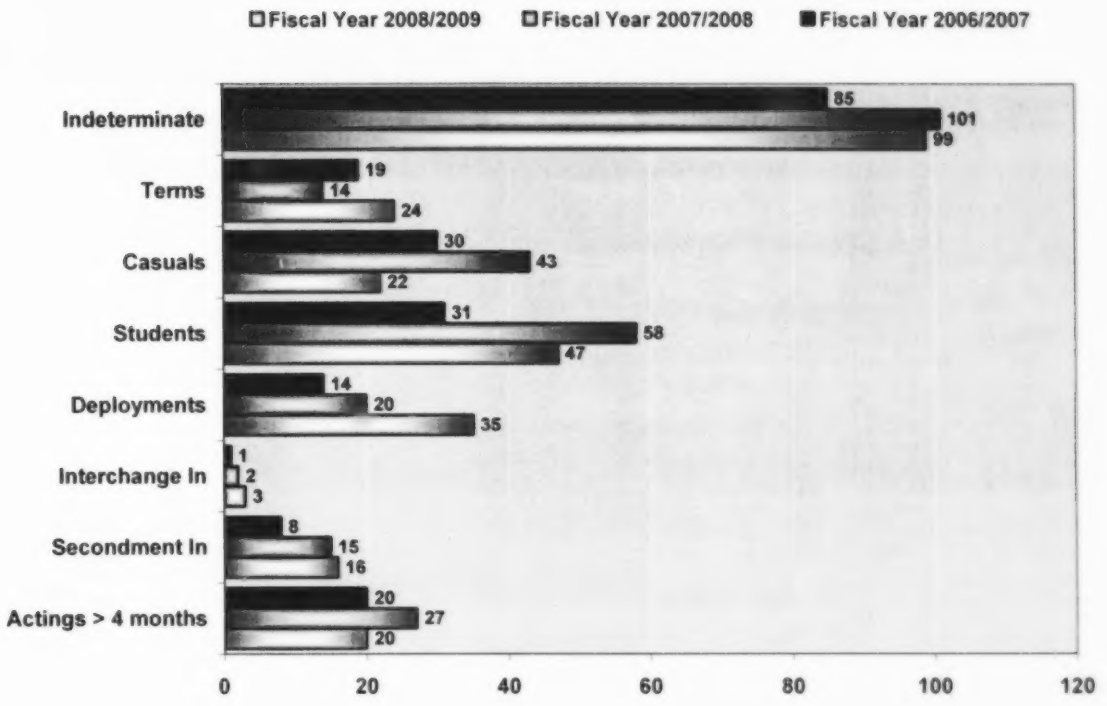
Average Age for all Employees: 45.34

WD – Eligibility for Retirement Estimate

(Indeterminate Only)

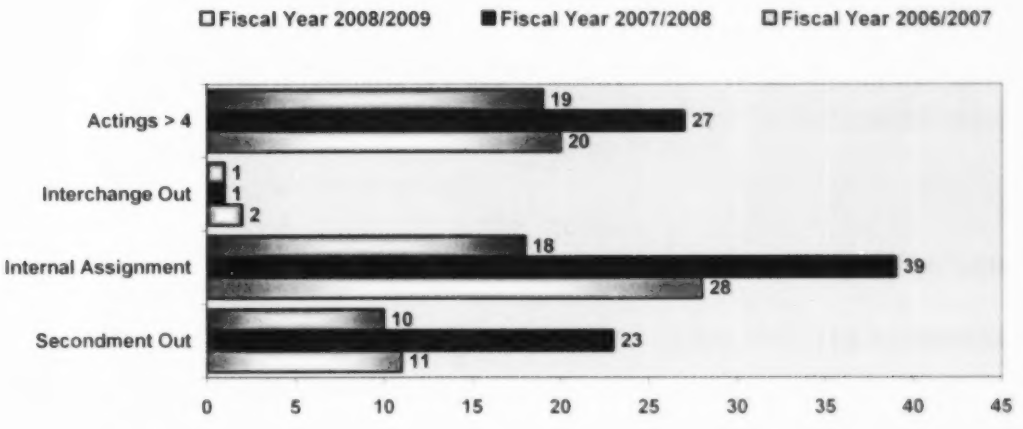


WD – Appointments Made Comparison



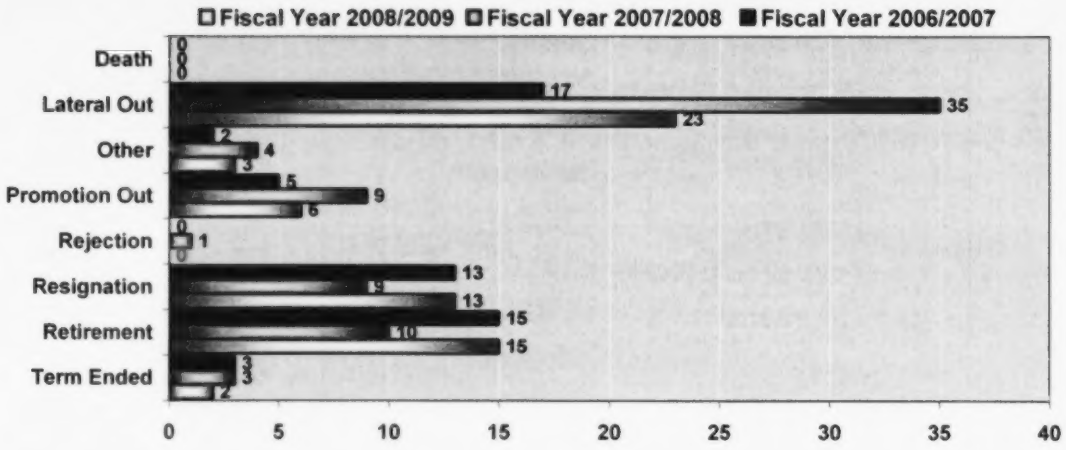
WD – New Developmental Opportunities/Appointments Comparison

(Indeterminate and Term Only)



WD – Separations/Departures Comparison

(Indeterminate and Term Only)



Annex F:
Program Activities by Strategic Outcome ($000s)

		Planned Spending (000's)* and FTEs			
	Expected Results	**2009-2010**	**2010-2011**	**2011-2012**	**Alignment to Government of Canada Outcomes**
Strategic Outcome:	**The western Canadian economy is competitive, expanded and diversified** (Entrepreneurship and Innovation)				
Program Activity: Business Development and Entrepreneurship	Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace.	**48,849** ***67 FTEs***	38,989 *65 FTEs*	38,478 *65 FTEs*	Strong Economic Growth
Program Activity: Innovation	A stronger knowledge-based economy.	**77,264** ***56FTEs***	55,036 *54 FTEs*	49,070 *54FTEs*	An Innovative and Knowledge-based Economy
Strategic Outcome:	**Communities in Western Canada are economically viable** (Community Economic Development)				
Program Activity: Community Economic Planning, Development and Adjustment	Communities have increased economic opportunities and capacity to respond to challenges	**81,280** ***68 FTEs***	37,389 *66FTEs*	36,946 *66 FTEs*	Strong Economic Growth
Program Activity: Infrastructure	To maximize economic, social, cultural and environmental benefits to western Canadians through investments in public infrastructure in a coordinated manner with provincial and municipal governments	**7,566** ***13FTEs***	1,040 *10 FTEs*	574 *7 FTEs*	Strong Economic Growth
Strategic Outcome:	**Policies and programs that strengthen the western Canadian economy** (Policy, Advocacy and Coordination)				
Program Activity: Collaboration and Coordination	Better coordinated economic development activities, policies and programs in the West	**2,888** ***21 FTEs***	2,789 *20 FTEs*	2,783 *20 FTEs*	Strong Economic Growth
Program Activity: Advocacy	Decisions by other organizations that improve economic policies and programs in the West	**3,246** ***31 FTEs***	3,211 *30 FTEs*	3,213 *30 FTEs*	Strong Economic Growth
Program Activity: Research and Analysis	Improved understanding of western Canadian economic issues, challenges, opportunities and priorities	**2,666** ***10 FTEs***	2,610 *10 FTEs*	2,606 *10 FTEs*	Strong Economic Growth
Strategic Outcome:	**Effective and efficient support for the delivery of organizational strategic outcomes**				
Program Activity: Internal Services		**18,762** ***135 FTEs***	17,773 *131 FTEs*	17,705 *131 FTEs*	Strong Economic Growth and An Innovative and Knowledge-based Economy
Total Planned Spending		**242,521** ***401 FTEs***	158,837 *386FTEs*	151,375 *383 FTEs*	

* Planned spending levels include grants and contributions as well as operating and maintenance funding.